
1997 Annual Report

Division-Hooker Redevelopment Project Area



**Pursuant to Mayor's
Executive Order 97-2**

June 30, 1998

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, and marketing

\$21



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)
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June 30, 1998

The Honorable Mayor Richard M. Daley, Members
of the City Council, and Citizens of the City of Chicago
City of Chicago
121 N. LaSalle Street
Chicago, Illinois 60602

Ladies and Gentlemen:

The attached information for the Division-Hooker Redevelopment Project Area, along with 43 other individual reports, is presented pursuant to the Mayoral Executive Order 97-2 (Executive Order) regarding annual reporting on the City's tax increment financing (TIF) districts. The City's TIF program has been used to finance neighborhood and downtown improvements, leverage private investment, and create and retain jobs throughout Chicago.

Pursuant to the Executive Order, the Annual Report, presented in the form of the attached, will be filed with the City Clerk for transmittal to the City Council and be distributed in accordance with the Executive Order.

Sincerely,

Christopher R. Hill
Commissioner
Department of Planning and Development

Walter K. Knorr
Chief Financial Officer



June 30, 1998

Mr. Christopher R. Hill
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Commissioner Hill:

Enclosed is the required annual report for the Division-Hooker Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to the Mayor's Executive Order 97-2. The contents are based on information provided to us by the Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed-upon procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

The report includes the City's data methodology and interpretation of Executive Order 97-2 in addition to required information. The tables in this report use the same lettering system as the Executive Order in order to allow the reader to locate needed information quickly.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City departments.

Very truly yours,



Ernst & Young LLP

Division-Hooker Redevelopment Project Area 1997 Annual Report

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Division-Hooker Redevelopment Project Area 1997 Annual Report

Purpose of Report:

The purpose of the Annual Report for the Division-Hooker Redevelopment Project Area (Report) is to provide useful information to interested parties regarding the City of Chicago's (City) tax increment financing (TIF) districts in existence on December 31, 1997, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the Division-Hooker Redevelopment Project Area (Project Area).

Methodology:

In the process of providing information about the Project Area, care was taken to follow the organization of the Executive Order to allow the reader to locate needed information in an efficient manner. Except to the extent that Section (h) also describes completed projects, the Report reflects only TIF economic activity during 1997. As outlined below, several assumptions were made concerning certain required information.

(a) General Description

The general boundaries of the Project Area were described and illustrated in a map. However, in order to provide ease of reading, only major boundary streets were identified. For exact boundaries, the interested reader should consult the legal description of the Project Area boundaries found in the Redevelopment Plan (Attachment).

(b) Date of Designation and Termination

For purposes of this Report, the date of termination is assumed to occur 23 years from the date of designation, the maximum duration currently allowed under the Tax Increment Allocation Redevelopment Act.

(c) Copy of Redevelopment Plan

The Redevelopment Plan, as amended (if applicable), for the Project Area is provided as the Attachment at the end of the Report.

Division-Hooker Redevelopment Project Area 1997 Annual Report

Agreements related to the Project Area are either intergovernmental agreements between the City and another public entity or redevelopment agreements between the City and private sector entities interested in redeveloping all or a portion of the Project Area. The date of recording of Agreements with the Cook County Recorder of Deeds is included in Section (d) (if applicable).

(e) Description of TIF Projects

Section (e) describes each TIF project in the Project Area that has already received approval by the Community Development Commission. The amount budgeted for project costs and the estimated timetable were obtained from the Project Area's intergovernmental or redevelopment agreement, if such agreements exist. City tax increment project expenditures during 1997, tax increment project expenditures to date, and a description of all TIF financing was included in Section (e). This Report covers only those projects already approved by the Community Development Commission as of December 31, 1997, and which received TIF financing during 1997. Those projects in discussion, pre-proposal stage with a developer, or being reviewed by Community Development Commission staff are not "projects" for purposes of the Report.

(f) Description of all TIF Debt Instruments

Descriptions of all TIF debt instruments in Section (f) were obtained from the City. It should be noted that debt instruments issued without a security pledge of incremental taxes or direct payments from incremental taxes for principal and interest were not included in Section (f). Such instruments do not qualify as TIF debt instruments as defined by the Executive Order.

(g) Description of City Contracts

Section (g) provides a description of City contracts paid with incremental property tax revenues in 1997. For purposes of the Report, "prior calendar year" as defined in the Executive Order means 1997. Section (g) does not cover payments for services related to TIF projects previously reported in Section (e).

City contracts related to the Project Area are defined as those contracts paid from TIF funds, not related to a specific TIF project, and not elsewhere reported. Items include but are not limited to payments for work done to acquire, dispose of, or lease property within an area, or payments to appraisers, surveyors, consultants, marketing agents, and other professionals. These services

Division-Hooker Redevelopment Project Area 1997 Annual Report

payments for work done to acquire, dispose of, or lease property within an area, or payments to appraisers, surveyors, consultants, marketing agents, and other professionals. These services may affect more than one project in a Project Area and are not otherwise reported. Section (g) does not report such non-contractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts may include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

(h) Summary of Private and Public Investment Activity

Section (h) describes each TIF project in the Project Area that has an executed intergovernmental or redevelopment agreement as of December 31, 1997, or that has been approved by the Community Development Commission as of December 31, 1997.

The investment activity reported is based on data for projects described in the intergovernmental or redevelopment agreements and any additional data available to the Commissioner of Planning and Development. Private and public investments are estimated in Section (h) on a completed project basis. The Report contains only the final ratio of private/public investment for each TIF project. Other private investment activity is estimated based on the best information available to the Commissioner of Planning and Development.

(i) Description of Property Transactions

Information regarding property transactions is provided in Section (i), to the extent the City took or divested title to real property or was a lessor or lessee of real property within the Project Area.

(j) Financial Summary Prepared by the City Comptroller

Section (j) provides a 1997 financial summary for the Project Area audited by an independent certified public accounting firm. These statements were prepared in accordance with generally accepted accounting principles.

(k) Description of Tax Receipts and Assessment Increments

Information concerning 1997 tax receipts and assessments associated with the Project Area is provided in Section (k). The amount of incremental property tax equals the incremental EAV

Division-Hooker Redevelopment Project Area 1997 Annual Report

from the prior year multiplied by the applicable property tax rates. Actual receipts may vary due to delinquencies, sale of prior years' taxes, and payment of delinquencies. See the financial report for actual receipts.

(l) Certain Contracts of TIF Consultants

Section (l) provides information about contracts, if any, between the TIF consultant who was paid by the City for assisting to establish the Project Area and any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Section (l) are based on responses to a mail survey. This survey was sent to every consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City, as of December 31, 1997.

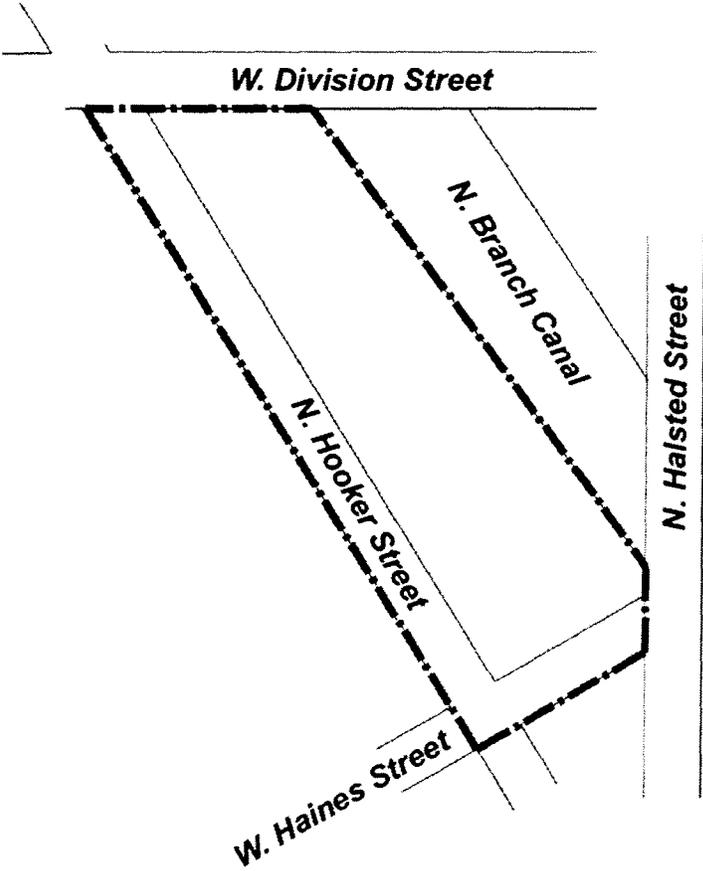
(m) Compliance Statement Prepared by an Independent Public Accountant

As part of the audit procedures performed by independent accountants, certain compliance tests were performed related to the Project Area. Included in the Annual Report is an audit opinion indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. Section (m) provides this statement.

Division-Hooker Redevelopment Project Area 1997 Annual Report

(a) GENERAL DESCRIPTION

The Project Area is generally bounded on the north by Division Street, on the east by the North Branch Canal, on the south by Haines Street, and on the west by Hooker Street. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



**Division-Hooker Redevelopment Project Area
1997 Annual Report**

(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on July 10, 1996. The Project Area may be terminated no later than July 10, 2019.

(c) COPY OF REDEVELOPMENT PLAN

The Redevelopment Plan for the Project Area, as amended (if applicable), is contained in this Report (Attachment).

(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

Information pertaining to executed intergovernmental and redevelopment agreements is provided in Table D below. A description of intergovernmental and redevelopment agreements executed in connection with the Project Area, naming parties, dates of authorization by the City Council, dates of execution, and dates of recording in the office of the Cook County Recorder of Deeds (if applicable), is included.

**TABLE D
INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS**

<u>PARTIES TO AGREEMENT WITH CITY</u>	<u>DATE OF AUTHORIZATION BY CITY COUNCIL</u>	<u>DATE OF EXECUTION</u>	<u>DATE OF RECORDING IN RECORDER OF DEEDS OFFICE (if applicable)</u>
Federal Express Corp.	7/10/96	10/16/97	10/20/97

Division-Hooker Redevelopment Project Area 1997 Annual Report

(e) DESCRIPTION OF TIF PROJECT(S)

Section (e) contains the required information as outlined in the Executive Order about each TIF project which has received TIF financing during the most recently concluded prior calendar year (1997). A description of each TIF project approved by the Community Development Commission or currently under way within the Project Area is included in Section (e). The section specifically notes:

- 1) the nature of the project;
- 2) the budgeted project cost and the amount of TIF assistance allocated to the project;
- 3) the estimated timetable, and a statement of any change in the estimate during the prior calendar year;
- 4) total City tax increment project expenditures during the prior calendar year and total City tax increment project expenditures to date;
- 5) a description of all TIF financing, including type, date, terms, amount, project recipient, and purpose of project financing.

During 1997, there were no tax increment project expenditures within the Project Area. Therefore, no information was provided for this section.

Division-Hooker Redevelopment Project Area 1997 Annual Report

(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

Section (f) contains the required TIF debt information for the Project Area as outlined in the Executive Order:

- 1) the principal dollar amount of TIF debt instruments;
- 2) the date, dollar amount, interest rate and security of each sale of TIF debt instruments, and type of instrument sold;
- 3) the underwriters and trustees of each sale;
- 4) the amount of interest paid from tax increment during the prior calendar year (1997);
- 5) the amount of principal paid from tax increment during the prior calendar year (1997).

As of December 31, 1997, there were no TIF debt instruments outstanding for the Project Area.

**Division-Hooker Redevelopment Project Area
1997 Annual Report**

(g) DESCRIPTION OF CITY CONTRACTS

The following Table G contains the required information as outlined in the Executive Order pertaining to City contracts related to the Project Area. The section contains a description of each City contract related to the Project Area and executed or in effect during the prior calendar year. In addition, the date, names of all contracting parties, purpose, amount of compensation, and percentage of compensation paid is included in the table. This Section (g) does not apply to any contract or contract expenditure reported under (e)(5) of Section 4 of the Executive Order.

City contracts related to the Project Area are defined as those contracts paid from TIF funds, not related to a specific TIF project, and not elsewhere reported. Items include but are not limited to payments for work done to acquire, dispose of, or lease property within a Project Area, or payments to appraisers, surveyors, consultants, marketing agents, and other professionals. These services may affect more than one project in a Project Area and are not otherwise reported. Section (g) does not report such non-contractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts may include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

**TABLE G
DESCRIPTION OF CITY CONTRACTS RELATED TO THE PROJECT AREA**

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1997	PERCENT OF COMPENSATION PAID TO DATE
City TIF Program Administration	1997	Cost of Implementation and Administration	\$21	100%

**Division-Hooker Redevelopment Project Area
1997 Annual Report**

(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

In the following Table H provides the required information as outlined in the Executive Order pertaining to private investment activity, job creation, job retention, and the ratio of private to public investment. It describes each TIF project in the Project Area that has an executed intergovernmental or redevelopment agreement as of December 31, 1997, or that has been approved by the Community Development Commission as of December 31, 1997.

To the extent this information is available to the Commissioner of Planning and Development on a completed project basis, the table provides a summary of private investment activity, job creation, and job retention within the Project Area, and a summary for each TIF project within the Project Area.

The Report contains only the final ratio of private/public investment for each TIF project. The private investment activity reported includes data from the intergovernmental or redevelopment agreement(s) and any additional data available to the Commissioner of Planning and Development. Other private investment activity is estimated based on the best information available to the Commissioner of Planning and Development.

**DESCRIPTION OF PRIVATE INVESTMENT ACTIVITY, JOB RETENTION, JOB CREATION,
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT IN THE PROJECT AREA**

<u>NAME OF TIF PROJECT</u>	<u>JOB CREATION</u>	<u>JOB RETENTION</u>	<u>INVESTMENT ACTIVITY</u>	<u>PUBLIC INVESTMENT</u>	<u>PRIVATE/PUBLIC INVESTMENT</u>
Federal Express Corp.	45	330	\$10,764,215	\$2,200,000	4.89
		TOTAL	\$10,764,215	\$2,200,000	4.89

Note₁: Data gathered by an independent consultant to the City, with the assistance of ity staff.

Division-Hooker Redevelopment Project Area 1997 Annual Report

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

The Executive Order requires information pertaining to property transactions occurring within the Project Area, to the extent the City took or divested title to real property or was a lessor or lessee of real property within the Project Area. Specifically, the Executive Order requires descriptions of the following property transactions occurring within the TIF area during the prior calendar year (1997):

- 1) every property acquisition by the City through expenditure of TIF funds, including the location, type and size of property, name of the transferor, date of transaction, the compensation paid, and a statement whether the property was acquired by purchase or by eminent domain;
- 2) every property transfer by the City as part of the redevelopment plan for the Project Area, including the location, type and size of property, name of the transferee, date of transaction, and the compensation paid;
- 3) every lease of real property to the City, if the rental payments are to be made from TIF funds. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental and the rental amount;
- 4) every lease of real property by the City to any other person as part of the redevelopment plan for the area. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount.

As mentioned above, the Executive Order requires reporting of property transactions occurring within the Project Area, to the extent the City took or divested title to real property or was a lessor or lessee of real property within the Project Area. **However, the City did not take or divest title to real property within the Project Area during 1997. Additionally, the City was not a lessor or lessee of real property within the Project Area during 1997.**

Division-Hooker Redevelopment Project Area 1997 Annual Report

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

The audited financial statements provide the required information as outlined in the Executive Order pertaining to financial aspects of the Special Tax Allocation Fund for the Project Area. These statements include:

- 1) the balance in the fund for the Project Area at the beginning of the prior calendar year;
- 2) cash receipts by source and transfers, deposited into the fund during the prior calendar year;
- 3) transfer credits into the fund for the Project Area during the prior calendar year;
- 4) expenditures and transfers from the fund, by statutory category, for the Project Area during the prior calendar year;
- 5) the balance in the fund for the Project Area at the conclusion of the prior calendar year.

CITY OF CHICAGO, ILLINOIS
DIVISION-HOOKER REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1997

CITY OF CHICAGO, ILLINOIS
DIVISION-HOOKER REDEVELOPMENT PROJECT

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Schedule of expenditures by statutory code	7

BANSLEY AND KIENER, L. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE

CHICAGO, ILLINOIS 60606-4496

AREA CODE 312 263-2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying balance sheet of the Division-Hooker Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1997, and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Division-Hooker Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1997, and the results of its operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of cash activities on page 6 and the schedule of expenditures by statutory code on page 7, which are also the responsibility of the City of Chicago's management, are presented for purposes of additional analysis and are not a required part of the financial statements of Division-Hooker Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Bansley and Kiener, L.L.P.

Certified Public Accountants

April 14, 1998

CITY OF CHICAGO, ILLINOIS
DIVISION-HOOKER REDEVELOPMENT PROJECT

BALANCE SHEET
DECEMBER 31, 1997

A S S E T S

Cash and investments	\$	650
Property taxes receivable		150,000
Accrued interest receivable		<u>6</u>
Total assets		<u>\$150,656</u>

LIABILITIES AND FUND BALANCE

Due to other City funds	\$	21
Deferred revenue		150,000
Fund balance		<u>635</u>
Total liabilities and fund balance		<u>\$150,656</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
DIVISION-HOOKER REDEVELOPMENT PROJECT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 1997

Revenues		
Property tax		\$650
Interest		<u>6</u>
Total revenues		656
Expenditures		
Capital projects		<u>21</u>
Revenues over expenditures		635
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year		<u>\$635</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
DIVISION-HOOKER REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Division-Hooker Tax Increment Redevelopment Project Area (Project) was established in July 1996. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer as public improvements are completed and pass City inspection.

Basis of Accounting

The Project is accounted for within the special revenue funds of the City.

The financial statements are prepared on the modified accrual basis of accounting and current financial resources measurement focus with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

CITY OF CHICAGO, ILLINOIS
DIVISION-HOOKER REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Investments are stated at cost or amortized cost, which approximates market value.

Property Taxes

Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end.

SUPPLEMENTARY INFORMATION

SCHEDULE OF CASH ACTIVITIES
YEAR ENDED DECEMBER 31, 1997

Cash flows from operating activities	
Property taxes received	\$ 650
Cash and investments, beginning of year	<u>-</u>
Cash and investments, end of year	<u>\$ 650</u>
Reconciliation of revenues over expenditures to net cash provided by operating activities	
Revenues over expenditures	\$ 635
Adjustments to reconcile revenues over expenditures to net cash provided by operating activities	
Changes in assets - (increase)	
Property tax receivable	(150,000)
Accrued interest receivable	(6)
Changes in liabilities - increase	
Due to other City funds	21
Deferred revenue	<u>150,000</u>
	<u>\$ 650</u>

Division-Hooker Redevelopment Project Area 1997 Annual Report

(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

The following Table K provides the required statement of tax receipts and assessment increments for the Project Area as outlined in the Executive Order. The amount of incremental property tax equals the incremental EAV from the prior year multiplied by the applicable property tax rates. Actual receipts may vary due to delinquencies, sale of prior years' taxes, and payment of delinquencies. See the financial report for actual receipts. The table provides the following information:

- 1) for a sales tax Project Area, the municipal sales tax increment and state sales tax increment deposited in the fund during the prior calendar year;
- 2) for a utility tax Project Area, the municipal utility tax increment and the net state utility tax increment amount deposited in the special allocation fund during the prior calendar year;
- 3) for a property tax Project Area, (A) the total initial equalized assessed value of property within the Project Area as of the date of designation of the area, and (B) the total equalized assessed value of property within the Project Area as of the most recent property tax year;
- 4) the dollar amount of property taxes on property within the Project Area attributable to the difference between items (3)(A) and (3)(B) of this Section (k).

All terms used in Section (k) relating to increment amounts and assessed value are construed as in Section 9 of the Illinois Tax Increment Allocation and Redevelopment Act or the Illinois Industrial Jobs Recovery Law.

**Division-Hooker Redevelopment Project Area
1997 Annual Report**

**TABLE K
DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS**

<u>YEAR</u>	<u>MUNICIPAL SALES TAX INCREMENT</u>	<u>STATE SALES TAX INCREMENT</u>	<u>MUNICIPAL UTILITY TAX INCREMENT</u>	<u>NET STATE UTILITY TAX INCREMENT</u>	<u>INITIAL EAV</u>	<u>TOTAL 1996 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1996</u>
1997	N.A.(1)	N.A.(1)	N.A.(1)	N.A.(1)	\$380,624	\$387,504	\$650

(1) N.A. - not applicable.

Division-Hooker Redevelopment Project Area 1997 Annual Report

(I) CERTAIN CONTRACTS OF TIF CONSULTANTS

Section (I) provides information about contracts, if any, between the TIF consultant who was paid by the City for assisting to establish the Project Area and any entity that has or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Section (I) are based on responses to a mail survey. This survey was sent to every consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City as of December 31, 1997. The Executive Order specifically applies to contracts that the City's tax increment advisors or consultants, if any, have entered into with any entity that has received or is receiving payments financed by tax revenues produced by the same Project Area. **No TIF Consultant was paid by the City for assisting to establish the Project Area.**

**Division-Hooker Redevelopment Project Area
1997 Annual Report**

**(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC
ACCOUNTANT**

For the Project Area's Special Tax Allocation Fund, this Report provides a certified audit report reviewing compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. The audit was performed by an independent public accountant, certified and licensed by the State of Illinois, and in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants. The Report contains a statement from the accountant indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate.

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
FRANK S. GADZALA, C.P.A.
PAUL A. MERKEL, C.P.A.
THOMAS A. TYLER, C.P.A.
JOHN W. SANEW III, C.P.A.
THOMAS A. CERWIN, C.P.A.
STEPHEN R. PANFIL, C.P.A.
MICHAEL D. HUELS, C.P.A.
ROBERT J. MARSCHALK, C.P.A.
THOMAS J. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERARD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.

Bansley and Kiener, L.L.P.
Certified Public Accountants

Established 1922

MANAGEMENT ADVISORY SERVICES

TIMOTHY R. MULCAHY
DAVID W. RICHMOND

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with generally accepted auditing standards, the balance sheet of Division-Hooker Redevelopment Project of the City of Chicago, Illinois as of December 31, 1997, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated April 14, 1998.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Division-Hooker Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.

Certified Public Accountants

April 14, 1998

**Division-Hooker Redevelopment Project Area
1997 Annual Report**

**ATTACHMENT
REDEVELOPMENT PLAN**

CITY OF CHICAGO

**DIVISION-HOOKER REDEVELOPMENT PROJECT AREA
TAX INCREMENT ALLOCATION FINANCE PROGRAM**

REDEVELOPMENT PLAN AND PROJECT

February, 1996

CITY OF CHICAGO

**Richard M. Daley
Mayor**

REDEVELOPMENT PLAN AND PROJECT FOR
DIVISION-HOOKER REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM

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EXECUTIVE SUMMARY

GOALS AND OBJECTIVES

General Goals:

- * Improve the quality of life in Chicago by eliminating the influence of, as well as the manifestations of, both physical and economic blight in the Redevelopment Project Area.
- * Provide sound economic development in the Redevelopment Project Area.
- * Revitalize the Redevelopment Project Area to make it an important center contributing to the revitalization of the Goose Island Area.
- * Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties in the Goose Island Area.
- * Create suitable locations for industry.
- * Create job opportunities.

Redevelopment Objectives:

- * Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Blighted Area.
- * Enhance the tax base of the City of Chicago and of the other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in new industrial construction.
- * Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, taxable values, and job opportunities.
- * Encourage the assembly of land into parcels functionally adaptable with respect to shape and size for industrial redevelopment needs and standards.
- * Provide needed incentives to encourage improvements for new development efforts.
- * Encourage the participation of minorities and women in the development of the Redevelopment Project Area.

Development and Design Objectives

- * Establish a pattern of land use activities arranged in compact, compatible groupings to increase efficiency of operation and economic relationships.
- * Encourage coordinated development of parcels and structures in order to achieve efficient building design; unified off-street parking, trucking and service facilities; and appropriate access to nearby highways.
- * Encourage a high-quality appearance of buildings, rights-of-way and open spaces, and encourage high standards of design.
- * Encourage development of usable industrial space of all sizes.

Based upon surveys, inspections, research and analysis of the area by Louik/Schneider & Associates, Inc., the Redevelopment Project Area qualifies as a vacant "blighted area" as defined by the Act. The area is characterized by the presence of two of the blighting factors for vacant land as listed in the Act, impairing the sound growth of the taxing districts in the City of Chicago.

Specifically:

- * Of the seven blighting factors set forth in the law for vacant land, three are present in the Redevelopment Project Area, and only one is necessary for a determination of blight.
- * The blighting factors which are present are reasonably distributed throughout the Redevelopment Project Area.
- * All areas within the Redevelopment Project Area show the presence of blighting factors.

REDEVELOPMENT PLAN

The Redevelopment Plan proposes the development of a warehouse/distribution facility that will stimulate other industrial development by the private sector in the area outside of the proposed Redevelopment Project Area. In order to accomplish the City of Chicago's objective of stimulating industrial development on Goose Island, numerous public and private improvements need to take place. This Redevelopment Plan contains approximately 6.4 acres and will make approximately 4.5 acres of land available for new warehouse/distribution facility development.

The proposed Division-Hooker Redevelopment Project Area will require planning and programming of improvements. The funds for needed improvements are to come from incremental increases in tax revenues or from the City's issuance of bonds to be repaid from the incremental increase in tax revenues to be generated from the entire Redevelopment Project Area. The public improvements could include the reconstruction of Hooker and Haines Streets which will assist in the development of the Redevelopment Area.

The estimated redevelopment project costs are shown in Table 1. To the extent that municipal obligations have been issued to pay for such redevelopment project costs incurred prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such redevelopment project costs. The total redevelopment project costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, administrative costs, interest and other financing costs). Within this limit, adjustments may be made in line items, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of this Redevelopment Plan. Additional funding in the form of State and Federal grants, and private developer contributions will be pursued by the City as means of financing improvements and facilities which are of a general community benefit.

TABLE 1

Program Action/Improvements

Seawall Reconstruction	\$1,100,000
Site preparation	250,000
Environmental remediation	1,280,000
Public Improvements	2,000,000
Job Training	100,000
Planning, legal, studies, etc.	75,000
TOTAL PROJECT COST*	\$4,805,000

*Exclusive of capitalized interest, issuance costs, administrative costs, interest and other financing costs

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued or incurred to pay for such costs are to be derived principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

The tax increment revenue which will be used to fund tax increment obligations and redevelopment project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value

of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Other sources of funds which may be used to pay for redevelopment costs and obligations issued or incurred, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate.

Issuance of Obligations

To finance redevelopment costs a municipality may issue obligations secured by the anticipated tax increment revenue generated within the TIF Redevelopment Area.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs, and, to the extent that real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The total 1994 equalized assessed valuation for the entire Redevelopment Project Area is \$380,624. This equalized assessed valuation is subject to final verification by Cook County. After verification, the County Clerk of Cook County, Illinois will certify the amount, and this amount will serve as the "Initial Equalized Assessed Valuation."

Anticipated Equalized Assessed Valuation

By the year 1998, when it is estimated that all the anticipated private development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between \$2,400,000 and \$3,400,000. These estimates are based on several key assumptions, including: 1) all industrial development, the project, will be completed in 1998; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Project and Plan; 3) the most recent State Multiplier of 2.1135 as applied to 1994 assessed values will remain unchanged and 4) for the duration of the project the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1994 level.

INTRODUCTION

The Division-Hooker Redevelopment Project Area is located approximately 2 miles northwest of Chicago's Central Business District on Goose Island. The Redevelopment Project Area contains approximately 6.4 acres. The Redevelopment Project Area is bounded on the north by Division Street, on the east by the North Branch Canal, on the south by Haines Street and on the west by Hooker Street. Division Street provides the major access to the Redevelopment Project Area. The Redevelopment Project Area is located in an area of Chicago that has excellent transportation access. The Kennedy Expressway (I-90 and I-94) is located one-half mile west of the Redevelopment Project Area. The Dan Ryan and Eisenhower Expressways (I-90, I-94 and I-290) are located less than three miles south and the Tri-State Tollway (I-294) and O'Hare Airport are less than 16 miles northwest of the Redevelopment Project Area via the Kennedy Expressway. This transportation network offers potential users of the Redevelopment Area easy access to the entire Chicago Metropolitan Area. The location and boundaries of the Redevelopment Project Area are shown on Map 1, Project Boundary.

The Division-Hooker Redevelopment Project Area is located on Goose Island which is primarily an industrial area. The Redevelopment Project Area is poorly maintained and under-utilized. It contains considerable areas of debris including cinders, coal, metallic slag, bricks, concrete and wood. The Redevelopment Project Area is free of any improvements. The previous building improvements were removed in January, 1990 due to their advanced state of decay. The Redevelopment Project Area is bounded on all four sides by a dilapidated chain link fence. There are abandoned railroad tracks adjacent to the Redevelopment Project Area on the west. The Redevelopment Project Area is at grade except where Division Street rises to the bridge level over the North Branch Canal. The entire area is classified as a Zone C flood area which is characterized as an area of minimal flooding by the National Flood Insurance Program. Most of the seawall along the North Branch Canal is in poor condition. Goose Island and most of the land in the surrounding area contains primarily heavy manufacturing uses or vacant industrial parcels. This entire area has been an industrial area dating back to the 1850's when it was incorporated into the City of Chicago. While a few of the older industrial buildings in the area

have been rehabilitated, only one new industrial facility has been constructed in the last twenty years. (See Map 2)

The purpose of the Redevelopment Plan is to create a mechanism to allow for the development of a warehouse/distribution center. The development of this center is expected to encourage economic revitalization within the community and surrounding area.

Tax Increment Allocation Redevelopment Act.

An analysis of conditions within this area indicates that it is appropriate for designation as a redevelopment project, utilizing the State of Illinois tax increment financing legislation. The area is characterized by conditions which warrant the designation as a "blighted area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (hereafter referred to as the "Act"). The Act is found in 65 ILCS 5/11-74-1 et seq., as amended.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project" to redevelop blighted areas by pledging the increase in tax revenues generated by public and private redevelopment in order to pay for the up front costs which are required to stimulate such private investment in new redevelopment and rehabilitation. Municipalities may issue obligations to be repaid from the stream of real property tax increments that occur within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (the Certified EAV Base) for all real estate located within the district and the current year EAV. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

The Division-Hooker Redevelopment Area Project and Plan (hereafter referred to as the "Redevelopment Plan") has been formulated in accordance with the provision of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition

to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the "Redevelopment Project".

This Redevelopment Plan also specifically describes the Division-Hooker Tax Increment Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area"). This area meets the eligibility requirement of the Act. The Redevelopment Project Area boundaries are described in Section II of the Redevelopment Plan and shown in Map 1, Boundary Map.

After its approval of the Redevelopment Plan, the City Council then formally designates the Redevelopment Project Area.

The purpose of this Redevelopment Plan is to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land-use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards.
2. On a reasonable, comprehensive and integrated basis to ensure that blighting factors are eliminated.
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The adoption of the Redevelopment Plan makes possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area -- an area which cannot reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. Public investments, will create the appropriate environment to attract the investment required for the rebuilding of the area.

Successful implementation of the Redevelopment Plan and Project requires that the City of Chicago take full advantage of the real estate tax increments attributed to the Redevelopment Project as provided in accordance with the Act. The Redevelopment Project Area would not be reasonably developed without the use of such incremental revenues.

REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Division-Hooker Redevelopment Project Area is located approximately 2 miles northwest of Chicago's Central Business District on Goose Island. The Redevelopment Project Area contains approximately 6.4 acres. The Redevelopment Project Area is bounded on the north by Division Street, on the east by the North Branch Canal, on the south by Haines Street and on the west by Hooker Street. Division Street provides the major access to the Redevelopment Area. The Division-Hooker Redevelopment Project Area contains only those contiguous parcels of real property that are expected to be substantially benefitted by the Redevelopment Plan.

The legal description of the Division-Hooker Redevelopment Project Area is as follows:

All of Blocks 74 and 84, together with that part of Vacated West Bliss Street lying adjoining to said Blocks, all taken as a tract, in Chicago Land Company's Re-subdivision of Blocks 36, 37, 46, 47, 48, 55, 56, 62, 63, 70, 71, 74 and 84, together with Lot 1 in Block 50, all in Elston's Addition to Chicago, in the Southeast Quarter of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian.

Also including all of N. Hooker St., westerly of and adjoining said Blocks 74 and 84, lying southeasterly of the north line of said Block 74 (being also the south line of W. Division St.) extended west and northwesterly of a line 66 feet southeasterly of and parallel with the southerly line of said Block 84 (being also the southerly line of W. Haines St.) extended west.

Also including all of W. Haines St., southerly of and adjoining aforesaid Block 84 lying southwesterly of the west line of N. Halsted St. extended and northeasterly of the westerly line of N. Hooker St. extended.

All in Cook County, Illinois.

REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

Investment in new development is essential in the Division-Hooker Redevelopment Project Area. Development efforts in the Redevelopment Project Area will strengthen the entire City through environmental improvements, an increased tax base and additional employment opportunities.

This section of the Redevelopment Plan identifies the goals and objectives of the Redevelopment Project Area. A latter section of the Redevelopment Plan identifies more specific programs which the City plans to undertake in achieving the redevelopment goals and objectives which have been identified.

General Goals:

- * Improve the quality of life in Chicago by eliminating the influence of, as well as the manifestations of, both physical and economic blight in the Redevelopment Project Area.
- * Provide sound economic development in the Redevelopment Project Area.
- * Revitalize the Redevelopment Project Area to make it an important center contributing to the revitalization of the Goose Island area.
- * Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties in the Goose Island Area.
- * Create suitable locations for industry.
- * Create job opportunities.

Redevelopment Objectives:

- * Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Blighted Area.
- * Enhance the tax base of the City of Chicago and of the other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in industrial new construction.

- * Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, real estate values, and job opportunities.
- * Encourage the assembly of land into parcels functionally adaptable with respect to shape and size for industrial redevelopment needs and standards.
- * Provide needed incentives to encourage improvements for new development efforts.
- * Encourage the participation of minorities and women in the development of the Redevelopment Project Area.

Development and Design Objectives

- * Establish a pattern of land use activities arranged in compact, compatible groupings to increase efficiency of operation and economic relationships.
- * Encourage coordinated development of parcels and structures in order to achieve efficient building design; unified off-street parking, trucking and service facilities; and appropriate access to nearby highways.
- * Encourage a high-quality appearance of buildings, rights-of-way and open spaces, and encourage high standards of design.
- * Encourage development of usable industrial space of all sizes.

BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Based upon surveys, inspections, research and analysis of the area by Louik/Schneider & Associates, Inc. the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. The area is characterized by the presence of two of the blighting factors for vacant land as listed in the Act, impairing the sound growth of the taxing districts in this area of the City. Specifically:

- * Of the seven blighting factors set forth in the law for vacant land, three are present in the Redevelopment Project Area.
- * The blighting factors which are present are reasonably distributed throughout the Redevelopment Project Area.
- * All areas within the Redevelopment Project Area show the presence of blighting factors.

1. **A combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land**

The Redevelopment Project Area exhibits: a) obsolete platting; and b) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

2. **The area immediately prior to becoming vacant qualified as a blighted improved area.**

Prior to becoming vacant land, the Redevelopment Project Area had been utilized by a number of different companies. The Redevelopment Project Area

prior to the demolition of the improvements in January, 1990 exhibited the following factors: Age, Dilapidation, Obsolescence, Deterioration, Presence of structures below minimum code standards, Excessive vacancies, Deleterious land-use or lay-out, Depreciation of physical maintenance and Lack of community planning.

3. **The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.**

The Redevelopment Project Area is poorly maintained and is under-utilized. It contains considerable areas of building demolition debris including cinders, coal, metallic slag, bricks, concrete and wood. Prior to becoming vacant land, the Redevelopment Project Area was improved with several buildings and was used as a parking lot.

The analysis above was based upon data assembled by the City of Chicago, Department of Planning and Development and Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the condition and use of the Redevelopment Project Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing and previous uses and their relationships;
4. Comparison of current land use to current zoning ordinance and the current zoning maps;
5. Historical analysis of site uses and users;
6. Analysis of original and current platting and building size layout;
7. Analysis of Tax delinquency;
8. Review of previously prepared plans, studies and data.

DIVISION-HOOKER REDEVELOPMENT PROJECT AREA

A. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking some or all of the following actions:

1. Provision of Public Improvements and Facilities. Adequate public improvements and facilities will be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:
 - a. Reconstruction of Hooker and Haines Streets
 - b. Provision of utilities necessary to serve the redevelopment.

2. Provision for Soil and Site Improvements. Funds may be made available for improvements to properties for the purpose of making land suitable for development.
 - a. Entering into a redevelopment agreement for necessary site improvements in the Redevelopment Project Area.

3. Provision for Interest Subsidy. Funds may be made available to privately held properties for the purpose of reducing interest costs for the purpose of redeveloping properties.

4. Redevelopment Agreements. Redevelopment agreements may be entered into for public improvements, soil and site improvements, interest subsidy and possible sale, lease or conveyance of public land to private developers. Terms of conveyance shall be incorporated in appropriate disposition agreements which may contain more specific controls than those stated in the Redevelopment Plan.

In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements.

B. REDEVELOPMENT PLAN

The Redevelopment Plan proposes the development of a warehouse/distribution facility that takes advantage of the Redevelopment Project Area's excellent location. The facility and ancillary services will cover all of the Division-Hooker Redevelopment Project Area. The public improvements could include the reconstruction of Hooker and Haines Streets which will assist in the development of the Redevelopment Area.

The Redevelopment Plan proposes development that will stimulate other industrial development by the private sector in an area outside of the Redevelopment Project Area. In order to accomplish the City of Chicago's objective of stimulating industrial development on Goose Island, numerous public and private improvements need to take place. This Redevelopment Plan will make approximately 4.5 acres of land available for new warehouse/distribution facility development.

The proposed Division-Hooker Redevelopment Project Area will require planning and programming of improvements. The redevelopment agreement will generally provide for the City to provide funding for conveyance of public land, necessary public improvement, interest subsidy, soil and site improvements. The funds for said improvements are to come from the incremental increases in tax revenues or from the City's issuance of bonds to be repaid from the incremental increase in tax revenues to be generated from the entire Redevelopment Project Area. A developer or user will undertake the responsibility for the required soil and site improvements, a portion of which may be paid for from the issuance of bonds, and will further be required to build any agreed to improvements and necessary ancillary improvements required for the project. It is anticipated that the redevelopment project will be fully completed within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area.

C. GENERAL LAND-USE PLAN

The Redevelopment Plan and the proposed projects described herein conform to the land uses and development policies for the City as a whole as currently provided by the Comprehensive Plan of Chicago (1966). The City of Chicago's Corridors of Industrial Opportunity, a plan for industry on Chicago's north side stated the following recommendation: "On Goose Island, support existing industrial firms through coordinated public programs and develop vacant industrial parcels in a manner which supports a modern business/industrial park environment". This Plan also recommends to "...target bridges and streets to insure adequate freight access." The Chicago Plan Commission approved the land uses proposed in the Division-Hooker Redevelopment Project Area on November 10, 1994. (See Map 3)

D. ESTIMATED REDEVELOPMENT PROJECT COSTS

Redevelopment project costs mean the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and Redevelopment Project Area pursuant to the State of Illinois Tax Increment Allocation Redevelopment Act. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan, including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected;
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of any buildings, and the clearing and grading of land;
3. Costs of the construction of public works or improvements;
4. Costs of job training and retraining projects;
5. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;

6. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
7. Payment in lieu of taxes;
8. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 10- 22.20a and 10-23.3a of the School Code;
9. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
 - b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to this Act.

The estimated redevelopment project costs are shown in Table 1. To the extent that municipal obligations have been issued to pay for such redevelopment project costs incurred prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such redevelopment project costs. The total redevelopment project costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, administrative costs, interest and

other financing costs). Within this limit, adjustments may be made in line items, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of this Redevelopment Plan. Additional funding in the form of State and Federal grants, and private developer contributions will be pursued by the City as means of financing improvements and facilities which are of a general community benefit.

E. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for redevelopment project costs and/or municipal obligations which have been issued or incurred to pay for such costs are to be derived principally from tax increment revenues and/or proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

The tax increment revenue which will be used to fund tax increment obligations and eligible redevelopment project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Other sources of funds which may be used to pay for redevelopment costs and obligations issued or incurred, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate such as municipal sales taxes, municipal amusement taxes, generated from the district. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be developed. The proposed Division-Hooker Redevelopment Project Area and the proposed Goose-Island Redevelopment Project Area are contiguous to one another, and the City finds the goals, objectives and financial success of such redevelopment project areas to be interdependent. The City further finds that it is in the best interests of the City and in

furtherance of the purposes of the Act that net revenues from each such redevelopment project be made available to support the other. The City therefore proposes to utilize net incremental revenues received from one redevelopment project area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in the other redevelopment project area, and vice versa. The amount of revenues from the Redevelopment Project Area made available to support the contiguous Goose Island Redevelopment Project Area, when added to all amounts used to pay eligible redevelopment project costs within the Redevelopment Project Area, shall not at any time exceed the Total Project Cost described on Table 1 (unless otherwise amended).

Issuance of Obligations

To finance redevelopment costs a municipality may issue obligations secured by the anticipated tax increment revenue generated within the TIF redevelopment area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs, and, to the extent that real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The total 1994 equalized assessed valuation for the entire Redevelopment Project Area is \$380,624. This equalized assessed valuation is subject to final verification by Cook County. After verification, the County Clerk of Cook County, Illinois will certify the amount, and this amount will serve as the "Initial Equalized Assessed Valuation."

Anticipated Equalized Assessed Valuation

By the year 1998 when it is estimated that initial industrial development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between \$2,400,000 and \$3,400,000. This estimate is based on several key assumptions, including: 1) industrial development will be started in 1996 and completed in 1997; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Project and Plan; 3) the most recent State Multiplier of 2.1135 as applied to 1994 assessed values will remain unchanged and 4) for the duration of the project the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1994 level.

F. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in the Blighted Area Conditions Section of this Redevelopment Project and Plan

Report, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous blighting factors, and these factors are reasonably distributed throughout the area. Although some rehabilitation has occurred on a limited and scattered basis in the Goose Island area, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. No private large scale projects have been initiated on Goose Island in over 20 years without the aid of Tax Increment Financing. The lack of private investment is evidenced by continued existence of blight, large tracts of vacant land and a limited number of new development projects undertaken on a planned basis in the designated project area and surrounding areas.

It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the blighting conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Project and Plan.

G. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Redevelopment Project and Plan, and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that the blighted conditions will continue to exist and spread, and the whole area will become less attractive for the maintenance and improvement of existing buildings and sites. The possibility of the erosion of the assessed value of property which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment could lead to a reduction of real estate tax revenue to all taxing districts.

Section A, B, & C of this Redevelopment Project and Plan describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. If the redevelopment project is successful, a new private project will be undertaken that will assist in alleviating blighted conditions, creating new jobs and promoting development in the area.

The Redevelopment Project is expected to have short and long term financial impacts on the taxing districts affected by the Redevelopment Plan. During the period when tax increment financing is utilized, real estate tax increment revenues (from the increases in Equal Assessed Valuation [EAV] over and above the certified initial EAV established at the time of adoption of this Project and Plan) will be used to pay eligible redevelopment project costs for the Tax Increment Financing District. At the end of the TIF time period, the real estate tax revenues will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

H. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education; Chicago School Finance Authority; Chicago Park District; Chicago Community College District; Metropolitan Water Reclamation District of Greater Chicago; County of Cook; and Cook County Forest Preserve District.

The proposed Redevelopment Plan involves new construction of an industrial facility. Therefore, the financial burden of the redevelopment project on taxing districts is expected to be negligible.

No increased demands for services from any taxing district affected by the Redevelopment Plan and Project are anticipated. Although no short term financial or service demands are expected from the adoption of this Redevelopment Plan and Project, it is expected that this major private investments will take place upon the adoption of this Redevelopment Plan and Project. In addition, it is anticipated that other private investment will be attracted and take place on vacant land in the area over the life of the Redevelopment Project. Since the specifics of such additional investment cannot be determined at this time, the long term financial impacts on the various taxing jurisdictions or increases in the demands for service resulting from such new development cannot be quantified at this time. However, because of the current zoning and current land use of this vacant land being industrial in nature, any new development is likely to

be for industrial uses.

As a result of the development of industrial project increased service demands are likely to be limited to utilities either provided by the City of Chicago or the Metropolitan Water Reclamation District of Greater Chicago.

I. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described in detail in prior sections of this report, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty at this time and the demand for services provided by those taxing cannot be quantified at this time.

As indicated in Section D, Estimated Redevelopment Project Costs of the Redevelopment Project and Plan, the City plans to provide public improvements and facilities to service the Redevelopment Project Area. Such improvements may mitigate some of the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Project and Plan.

PROVISION FOR AMENDING ACTION PLAN

The Division-Hooker Redevelopment Project Area Tax Increment Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Division-Hooker Redevelopment Project Area.

- A. The assurance of equal opportunity in all personnel and employment actions with respect to the Plan and Project, including but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed, or ancestry.

- B. This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

LEGAL DESCRIPTION

All of Blocks 74 and 84, together with that part of Vacated West Bliss Street lying adjoining to said Blocks, all taken as a tract, in Chicago Land Company's Re-subdivision of Blocks 36, 37, 46, 47, 48, 55, 56, 62, 63, 70, 71, 74 and 84, together with Lot 1 in Block 50, all in Elston's Addition to Chicago, in the Southeast Quarter of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian.

Also including all of N. Hooker St., westerly of and adjoining said Blocks 74 and 84, lying southeasterly of the north line of said Block 74 (being also the south line of W. Division St.) extended west and northwesterly of a line 66 feet southeasterly of and parallel with the southerly line of said Block 84 (being also the southerly line of W. Haines St.) extended west.

Also including all of W. Haines St., southerly of and adjoining aforesaid Block 84 lying southwesterly of the west line of N. Halsted St. extended and northeasterly of the westerly line of N. Hooker St. extended.

All in Cook County, Illinois.

TABLE 1
ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Seawall Reconstruction	\$1,100,000
Site preparation	250,000
Environmental remediation	1,280,000
Public Improvements	2,000,000
Job Training	100,000
Planning, legal, studies, etc.	75,000
TOTAL PROJECT COST*	\$4,805,000

*Exclusive of capitalized interest, issuance costs, administrative costs, interest and other financing costs

TABLE 2
1994 EQUALIZED ASSESSED VALUATION

PERM. INDEX NO.	1994 EAV
17-05-404-001	\$224,054
17-05-408-003	\$ 33,089
17-05-408-004	\$123,481
TOTAL EAV	\$380,624

MAPS

Map 1	Redevelopment Project Boundaries
Map 2	Existing Land-Use
Map 3	Redevelopment Plan / Proposed Land-Use

ELIGIBILITY STUDY
OF A
PROPOSED REDEVELOPMENT PROJECT AREA
FOR
TAX INCREMENT ALLOCATION FINANCING
IN THE
DIVISION-HOOKER STUDY AREA
CHICAGO, ILLINOIS

February, 1996

Richard M. Daley

Mayor

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EXECUTIVE SUMMARY

The purpose of this study is to determine whether the Division-Hooker Study Area qualifies for designation as a "Blighted Area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (The "Act"). The Act is found in 65 ILCS 5/11-74.4-1 et. seq. (1992), as amended.

The findings presented in this report are based on surveys and analyses conducted for the Study Area. The Study Area covers approximately 6.4 acres and contains vacant land zoned for industrial uses and streets. The major operations involved in the surrounding area are manufacturing, distribution, warehousing and storage, scrap yards, and considerable acreage of vacant land. The Study Area is poorly maintained and is under-utilized. It contains considerable areas of debris including cinders, coal, metallic slag, bricks, concrete and wood.

Access to the Study Area is excellent. The Kennedy Expressway (I-90 and I-94) is located one-half mile west of the site at Division Street. The Study Area is located approximately 2 miles northwest of Chicago's Central Business District. The location and boundaries of the Redevelopment Project Area are shown on Map 1, Project Boundary.

A blighted area may be either improved or vacant. If the area is improved (e.g., with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following fourteen factors:

- * Age
- * Dilapidation
- * Obsolescence
- * Deterioration
- * Illegal use of individual structures
- * Presence of structures below minimum code standards

- * Excessive vacancies
- * Overcrowding of structures and community facilities
- * Lack of ventilation, light, or sanitary facilities
- * Inadequate utilities
- * Excessive land coverage
- * Deleterious land-use or lay-out
- * Depreciation of physical maintenance
- * Lack of community planning

If the area is vacant, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following criteria:

- * A combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land,
- * The area immediately prior to becoming vacant qualified as a blighted improved area,
- * The area consists of an unused quarry or unused quarries,
- * The area consists of unused rail yards, rail tracks or railroad rights-of-way,
- * The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or (is) in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding,
- * The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.
- * The area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of the subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

The Study Area contains only vacant land which formerly was utilized for industrial uses and parking. The Study Area became vacant land in January, 1990 when the remaining improvements were demolished as a result of their advanced state of deterioration and dilapidation. In order for the Study Area to qualify as a "Blighted Area", it must be demonstrated that the sound growth of the taxing districts is impaired by one or more of the factors described in the "Act".

The following factors are present within the Study Area:

1. **A combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land**

The Study Area exhibits: a) obsolete platting; and b) deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

2. **The area immediately prior to becoming vacant qualified as a blighted improved area.**

Prior to becoming vacant land, the Study Area had been utilized by a number of different companies. The Study Area prior to the demolition of the improvements in January, 1990 exhibited the following factors: Age, Dilapidation, Obsolescence, Deterioration, Presence of structures below minimum code standards, Excessive vacancies, Deleterious land-use or layout, Depreciation of physical maintenance and Lack of community planning.

3. **The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.**

The Study Area is poorly maintained and is under-utilized. It contains considerable areas of building demolition debris including cinders, coal, metallic slag, bricks, concrete, and wood.

Conclusion

The conclusion of the consultant team engaged to conduct the Eligibility Study is that the factors described above impair the growth of the taxing districts by restricting future development and warrant designation of the Study Area as a "blighted area" as set forth in the "Act."

While it may be concluded *that the mere presence of one or more of the stated factors may be sufficient to make a finding of blight*, this evaluation was made on the basis that the blighting factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of blighting factors throughout the Study Area must be reasonable so that basically good areas are not arbitrarily found to be blighted simply because of proximity to areas which are blighted. It is the consultant's finding that the sound growth of the taxing districts, including the City of Chicago, have been impaired by the above-stated factors.

The conclusions presented in this report are those of the consulting team engaged to analyze the area and to examine whether conditions of blight exist. The local governing body should review this report and, if satisfied with the summary of findings contained herein, may adopt a resolution making a finding of blight and making this report a part of the public record.

SECTION I

INTRODUCTION

Louik/Schneider and Associates, Inc. has been retained by the Federal Express Corporation to conduct an independent initial study and survey of the proposed Redevelopment Area known as the Division-Hooker Study Area, in Chicago, Illinois. The purpose of the study is to determine whether the site may be qualified as a "Blighted Area" for the purpose of a tax increment financing district, pursuant to 65 ILCS 5/11-74.4-1, as amended. The report summarizes the analyses and findings of the consultants' work, which unless otherwise noted, is solely the responsibility of Louik/Schneider and Associates, Inc., and does not necessarily reflect the views and opinions of potential developers, or the City of Chicago.

Following this introduction, Section II presents the site location, description of current conditions and site history. Section III, documents qualifications of the Study Area as a "Blighted Area", pursuant to the Act, as amended. Section IV, Summary and Conclusions, presents findings related to the designation as a "Blighted Area". The Executive Summary gives a brief synopsis of the survey, study and findings.

This report was jointly prepared by Myron D. Louik, President and John P. Schneider, Executive Vice-President of Louik/Schneider and Associates, Inc. on behalf of the City of Chicago Department of Planning and Development.

SECTION II

BACKGROUND INFORMATION

LOCATION

The Division-Hooker Study Area is located approximately 2 miles northwest of Chicago's Central Business District on Goose Island. The Study Area contains approximately 6.4 acres. The Study Area is bounded on the north by Division Street, on the east by the North Branch Canal, on the south by Haines Street and on the west by Hooker Street. Division Street provides the major access to the Study Area. The Study Area is located in an area of Chicago that has excellent transportation access. The Kennedy Expressway (I-90 and I-94) is located one-half mile west of the Study Area. The Dan Ryan and Eisenhower Expressways (I-90, I-94 and I-290) are located less than three miles south and the Tri-State Tollway (I-294) and O'Hare Airport are less than 16 miles northwest of the Study Area via the Kennedy Expressway. Additionally, the Study Area is accessible via major surface arterial streets which include Halsted and Division Streets, and Chicago and Elston Avenues. This transportation network offers potential users of the Study Area easy access to the entire Chicago Metropolitan Area. The location and boundaries of the Redevelopment Project Area are shown on Map 1, Project Boundary.

DESCRIPTION OF CURRENT CONDITIONS

The Division-Hooker Study Area is located on Goose Island which is primarily an industrial area. The Study Area is poorly maintained and under-utilized. It contains considerable areas of debris including cinders, coal, metallic slag, bricks, concrete and wood. The Study Area is free of any improvements. The previous building improvements were removed in January, 1990 due to their advanced state of decay. The Study Area is bounded on all four sides by a dilapidated chain link fence. There are abandoned railroad tracks adjacent to the Study Area on the west. The Study Area is at grade except where Division Street rises to the bridge level over the North Branch Canal. The entire area is classified as a Zone C flood area which is characterized as an area of minimal flooding by the National Flood Insurance Program. Most of the seawall along

the North Branch Canal is in poor condition. Goose Island and most of the land in the surrounding area contains primarily heavy manufacturing uses or vacant industrial parcels. This entire area has been an industrial area dating back to the 1850's when it was incorporated into the City of Chicago. While a few of the older industrial buildings in the area have been rehabilitated, virtually no new industrial construction has occurred in the last twenty years, without public assistance.

Goose Island has considerable vacant industrial acreage and unused former railroad yards. In addition to the vacant Study Area, numerous other properties are vacant, including a 13.8 acre parcel of land, a former Milwaukee Road rail yard, located east of Hickory Street between Evergreen Avenue and Weed Street; a 1.2 acre parcel at the southwest corner of Division Street and Hickory Avenue; a 1.3 acre parcel on the east side of North Branch and Hickory Avenue between Haines Street and Halsted Street and a .8 acre parcel at the northwest corner of Division and Hooker Streets. A number of industrial buildings are vacant and many are in a deteriorating condition. The areas immediately surrounding Goose Island are predominantly industrial in character. See Map 3 - Zoning Uses. The industrial area extends across Kingsbury Street on the east and Elston Avenue on the west. While a few streets on Goose Island have been reconstructed in the last few years, most are old and in poor condition. New water mains have been laid in the area and North Branch Street was reconstructed.

To the west of Goose Island beyond the Kennedy expressway is an older residential community that was once the center of Chicago's Polish community. The commercial center of this neighborhood is the recently revitalizing shopping district at Milwaukee Avenue, Ashland Avenue and Division Street. To the east of the Study Area is the Chicago Housing Authority's Cabrini-Green housing project. See Map 2 - Location Map.

The blighting conditions in some of the buildings and vacant land on Goose Island resulted in the City of Chicago designating the area north of Division Street which is immediately to the north of the Study Area as a Blighted Commercial Area in 1979 (Goose Island Blighted Commercial Area, prepared by the Department of Planning, City and Community Development

for the Commercial District Development Commission).

AREA HISTORY

Goose Island was created in 1857 when the Chicago Land Company, while digging for clay to be used for brick making, cut the canal which forms the eastern boundary of the Island. The Island was originally called Ogden Island for Mayor William B. Ogden, who owned a part of the Chicago Land Company. The Island was settled primarily by Irish immigrants in the early 1800's. These immigrants planted cabbage and brought in their geese and hence the name Goose Island stuck. Industrial growth began in the 1840's and 1850's with very poor living quarters for the primarily Irish immigrants who worked in the factories. The eastern portion of Goose Island was used by brick refractories. Goose Island was spared by the Great Fire in 1871. In 1872 the Chicago and Pacific Railroad began laying track from Goose Island westward. During the 1880's the Chicago and Pacific was purchased by the Milwaukee Road. Goose Island was also known as a grain center primarily due to the railroads which delivered grain to and from the grain elevators which were located at this rail head. Since most of the Milwaukee Road tracks were located to the west of Goose Island, the rail yards on Goose Island became unused after 1900. The Goose Island area was also a prime location for tanneries since 12 of the 25 located in the City of Chicago in the 1880's were in this small area. As the City grew, Goose Island became more important as a location for warehousing and distribution users as well as industrial uses.

SECTION III

QUALIFICATION AS A BLIGHTED AREA

As set forth in the "Act", "blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of 5 or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning, are detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired by, (1) a combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused rail yards, rail tracks or railroad rights-of- way, or (5) the area, prior to its designation, is subject to chronic flooding which adversely impacts on real property in the area and such flooding is substantially caused by one or more improvements in or in proximity to the area which improvements have been in existence for at least 5 years, or (6) the area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites, or (7) the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of the subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

The Study Area condition analysis is based on a February, 1996 inspection of the Study Area and the area immediately adjacent to the Study Area. Noted during the inspection were structural deficiencies in individual buildings and related environmental deficiencies in the area surrounding the Study Area.

The following factors have a negative effect on the sound growth of the taxing districts and are present throughout the Study Area:

1. **A COMBINATION OF 2 OR MORE OF THE FOLLOWING FACTORS: OBSOLETE PLATTING OF THE VACANT LAND; DIVERSITY OF OWNERSHIP OF SUCH LAND; TAX AND SPECIAL ASSESSMENT DELINQUENCIES ON SUCH LAND; DETERIORATION OF STRUCTURES OR SITE IMPROVEMENTS IN NEIGHBORING AREAS ADJACENT TO THE VACANT LAND.**

A. OBSOLETE PLATTING - The Study Area consists of three tax parcels which contain a total of seventeen lots (See Map 1). Only one parcel is of sufficient size for contemporary industrial uses and it is trapezoidal shaped. The second parcel is a very small almost square parcel of approximately 10,000 square feet. The last parcel is an L-shaped parcel which makes industrial development extremely unlikely to occur. None of the 17 lots that comprise the Study Area are of sufficient size for contemporary industrial development. Therefore, obsolete platting is a factor in the entire Study Area.

B. DETERIORATION OF STRUCTURES OR SITE IMPROVEMENTS IN NEIGHBORING AREAS - The areas adjacent to the Study Area show considerable deterioration of structures and vacant land. The Area immediately to the north of the Study Area was designated a Blighted Commercial Area in 1979. The Goose Island Blighted Commercial Area Redevelopment Plan was approved by the Commercial District Development Commission as a result of studies prepared by the City of Chicago Department of Planning, City and Community Development. To date no substantive

improvements have occurred in this designated study area. The parcels located immediately to the south and southwest of the Study Area are badly deteriorating and approaching a dilapidation standard. In addition, most of the structures located within two blocks of Study Area also exhibit deterioration. Therefore, the Study Area is directly impacted by the surrounding deteriorating structures and site improvements in the surrounding area.

Conclusion

The Study Area exhibits two of the criteria which would allow for a finding of a "vacant blighted area" as defined in the Act, as amended. The statute requires that a finding of two of the criteria will qualify an area as a "vacant blighted area".

2. THE AREA IMMEDIATELY PRIOR TO BECOMING VACANT QUALIFIED AS A BLIGHTED IMPROVED AREA.

Prior to becoming vacant land, the Study Area had been utilized by a number of different companies. The south portion of the site was used by the Welco Petroleum Company and as a fuel depot since the early part of the 20th century. The northern portion of the Study Area was leased by the National Tea Company and used as a parking lot until the company closed their operations and abandoned its warehouse on the west side of Hooker Street over a decade ago. The middle portion of the Study Area was owned by the Lissner Company which was a smelter. The land was used for storage and had several small processing buildings, including a one story brick building containing approximately 4,500 square feet, a two story brick building containing approximately 2,800 square feet and a one story frame building containing approximately 250 square feet. In addition, there was a large metal shed (See Map 4). The Lissner Company vacated all of the structures and the land in 1986 and the buildings were cleared in January 1990 due to their advanced state of deterioration. All of the structures were more than thirty-five years old when they were razed in 1990. Based upon the consultant team's prior observations of the Study Area between 1979 and today, the structures immediately prior to their demolition

were also vacant, deteriorating, obsolete, and had depreciation of physical maintenance. Furthermore, the platting of the Study Area was obsolete as it still is today. In the past and during the present deleterious land-uses and lay-outs exist. At the time of demolition of the improvements a rail spur which ran midway between Hooker Street and the North Branch Canal split the Study Area from just south of Division Street to just north of the Ogden Avenue overpass. While several plans have been developed for the Goose Island Area, none have directly addressed the needs of the Study Area demonstrating a lack of community planning.

Conclusion

The Area Immediately prior to becoming vacant qualified as a blighted improved area. The Study Area qualifies as a "blighted area" under the Act, as amended, in that the Study Area could have qualified as "blighted area" under the Act, as amended, immediately prior to the Study Area becoming vacant land in that more than five factors which are used for defining an improved "blighted area" were present. These include:

- * Age
- * Dilapidation
- * Obsolescence
- * Deterioration
- * Presence of structures below minimum code standards
- * Excessive vacancies
- * Deleterious land-use or lay-out
- * Depreciation of physical maintenance
- * Lack of community planning

3. **THE AREA CONSISTS OF AN UNUSED DISPOSAL SITE, CONTAINING EARTH, STONE, BUILDING DEBRIS OR SIMILAR MATERIAL, WHICH WERE REMOVED FROM CONSTRUCTION, DEMOLITION, EXCAVATION OR DREDGE SITES.**

The Study Area is poorly maintained and is under-utilized. It contains considerable areas of building demolition debris including cinders, coal, metallic slag, bricks, concrete and wood. Prior to becoming vacant land, the Study Area was improved with several buildings and was used as a parking lot.

Conclusion

The Study Area exhibits criteria which would allow for a finding of a "blighted area" as defined in the Act, as amended. The statute requires that a finding of one of the criteria will qualify an area as a "blighted area".

The analysis above was based upon data assembled by the City of Chicago, Department of Planning and Development and Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the condition and use of the Redevelopment Project Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing and previous uses and their relationships;
4. Comparison of current land use to current zoning ordinance and the current zoning maps;
5. Historical analysis of site uses and users;
6. Analysis of original and current platting and building size layout;
7. Analysis of Tax delinquency;
8. Review of previously prepared plans, studies and data.

Summary Conclusions

The Study Area which currently contains no structures, would qualify as a vacant blighted area as required by the Act, as amended. While it may be concluded *that the mere presence of one or more of the stated factors may be sufficient to make a finding of blight*, this evaluation was

made on the basis that the blighting factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of blighting factors throughout the Study Area must be reasonable so that basically good areas are not arbitrarily found to be blighted simply because of proximity to areas which are blighted.

On the basis of this approach, the entire Study Area is found to be eligible within the definition set forth in the legislation. Specifically:

- * Of the seven blighting factors set forth in the law for vacant land, two are present in the Study Area.
- * The blighting factors which are present are reasonably distributed throughout the Study Area.
- * All areas within the Study Area show the presence of blighting factors.

The conclusion of the consultant team engaged to conduct the Eligibility Study is that the factors described above impair the growth of the taxing districts by restricting future development and warrant designation of the Study Area as a "blighted area" as set forth in the "Act."

The conclusions presented in this report are those of the consulting team engaged to analyze the area and to examine whether conditions of blight exist. The local governing body should review this report and, if satisfied with the summary of findings contained herein, may adopt a resolution making a finding of blight and making this report a part of the public record.

LEGAL DESCRIPTION

All of Blocks 74 and 84, together with that part of Vacated West Bliss Street lying adjoining to said Blocks, all taken as a tract, in Chicago Land Company's Re-subdivision of Blocks 36, 37, 46, 47, 48, 55, 56, 62, 63, 70, 71, 74 and 84, together with Lot 1 in Block 50, all in Elston's Addition to Chicago, in the Southeast Quarter of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian.

Also including all of N. Hooker St., westerly of and adjoining said blocks 74 and 84, lying southeasterly of the north line of said Block 74 (being also the south line of W. Division St.) extended west and northwesterly of a line 66 feet southeasterly of and parallel with the southerly line of said Block 84 (being also the southerly line of W. Haines St.) extended west.

Also including all of W. Haines St., southerly of and adjoining aforesaid Block 84 lying southwesterly of the west line of N. Halsted St. extended and northeasterly of the westerly line of N. Hooker St. extended.

All in Cook County, Illinois.

DISTRIBUTION OF CRITERIA WITHIN THE STUDY AREA

I. COMBINATION OF TWO OR MORE FACTORS

PARCEL	CRITERIA			
	1	2	3	4
17-05-404-001	X			X
17-05-408-003	X			X
17-05-408-004	X			X

- 1 OBSOLETE PLATTING
- 2 DIVERSITY OF OWNERSHIP
- 3 TAX & SPECIAL ASSESSMENT DELINQUENCY
- 4 DETERIORATION OF STRUCTURES OF SITE IMPROVEMENTS IN ADJACENT AREAS

II. QUALIFICATION PRIOR TO BECOMING VACANT LAND

PARCEL	CRITERIA													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
17-05-404-001	X	X	X	X		X	X					X	X	X
17-05-408-003	X	X	X	X		X	X					X	X	X
17-05-408-004	X	X	X	X		X	X					X	X	X

- 1 AGE
- 2 DILAPIDATION
- 3 OBSOLESCENCE
- 4 DETERIORATION
- 5 ILLEGAL USE OF INDIVIDUAL STRUCTURES
- 6 PRESENCE OF STRUCTURES BELOW MINIMUM CODE
- 7 EXCESSIVE VACANCY

- 8 OVERCROWDING
- 9 LACK OF LIGHT, VENTILATION AND SANITARY FACILITIES
- 10 INADEQUATE UTILITIES
- 11 EXCESSIVE LAND COVERAGE
- 12 DELETERIOUS LAND-USE OR LAYOUT
- 13 DEPRECIATION OF PHYSICAL MAINTENANCE
- 14 LACK OF COMMUNITY PLANNING

III. QUALIFICATIONS PRIOR TO BECOMING VACANT

CRITERIA

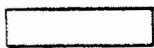
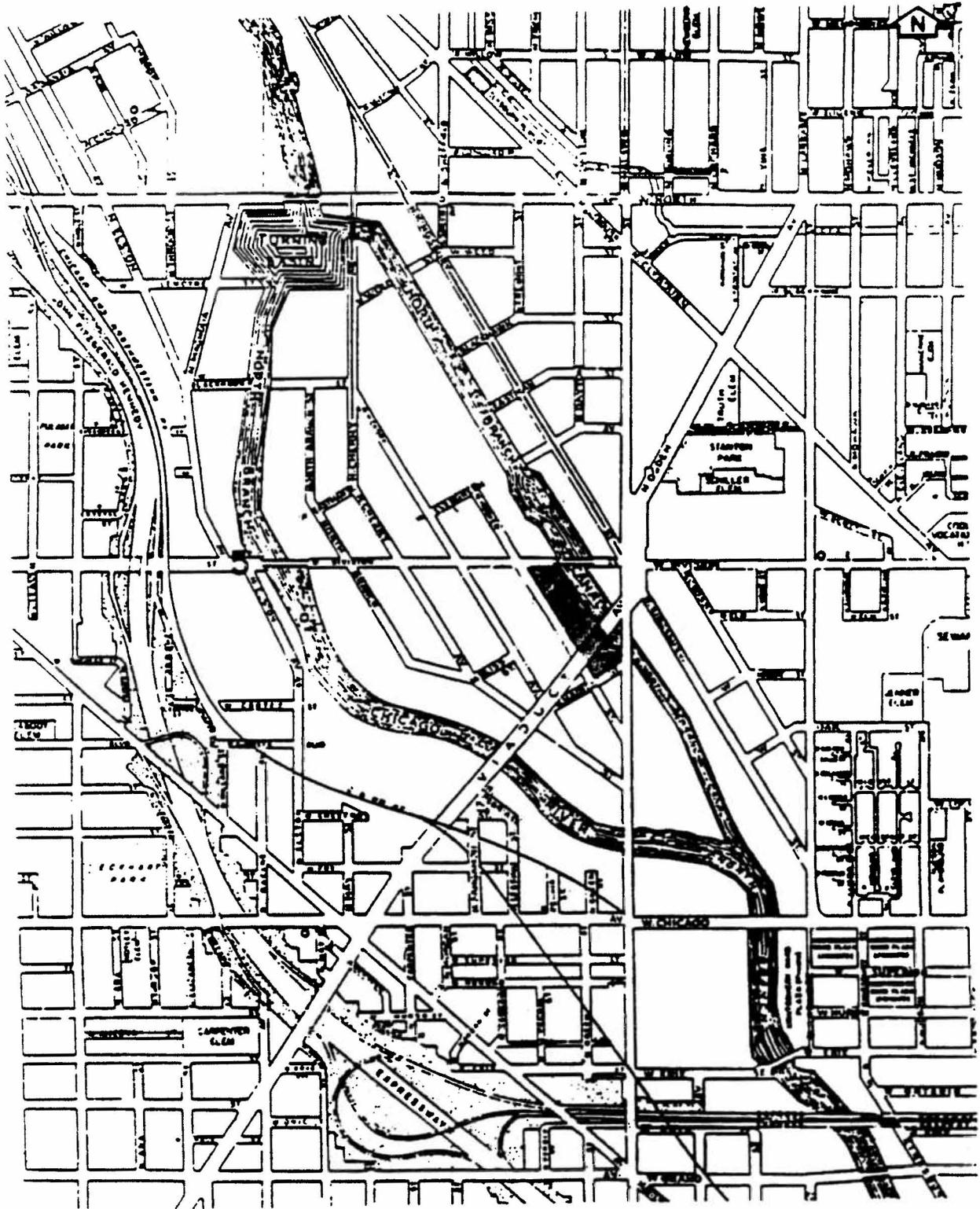
PARCEL	1
17-05-404-001	X
17-05-408-003	X
17-05-408-004	X

1 BUILDING DEBRIS OR SIMILAR MATERIAL LEFT FROM DEMOLITION, EXCAVATION OR DREDGE SITES

MAPS

Map 1	Project Boundary
Map 2	Location
Map 3	Zoning
Map 4	Site Improvements Prior to Demolition of Improvements

Map 2 Location Map



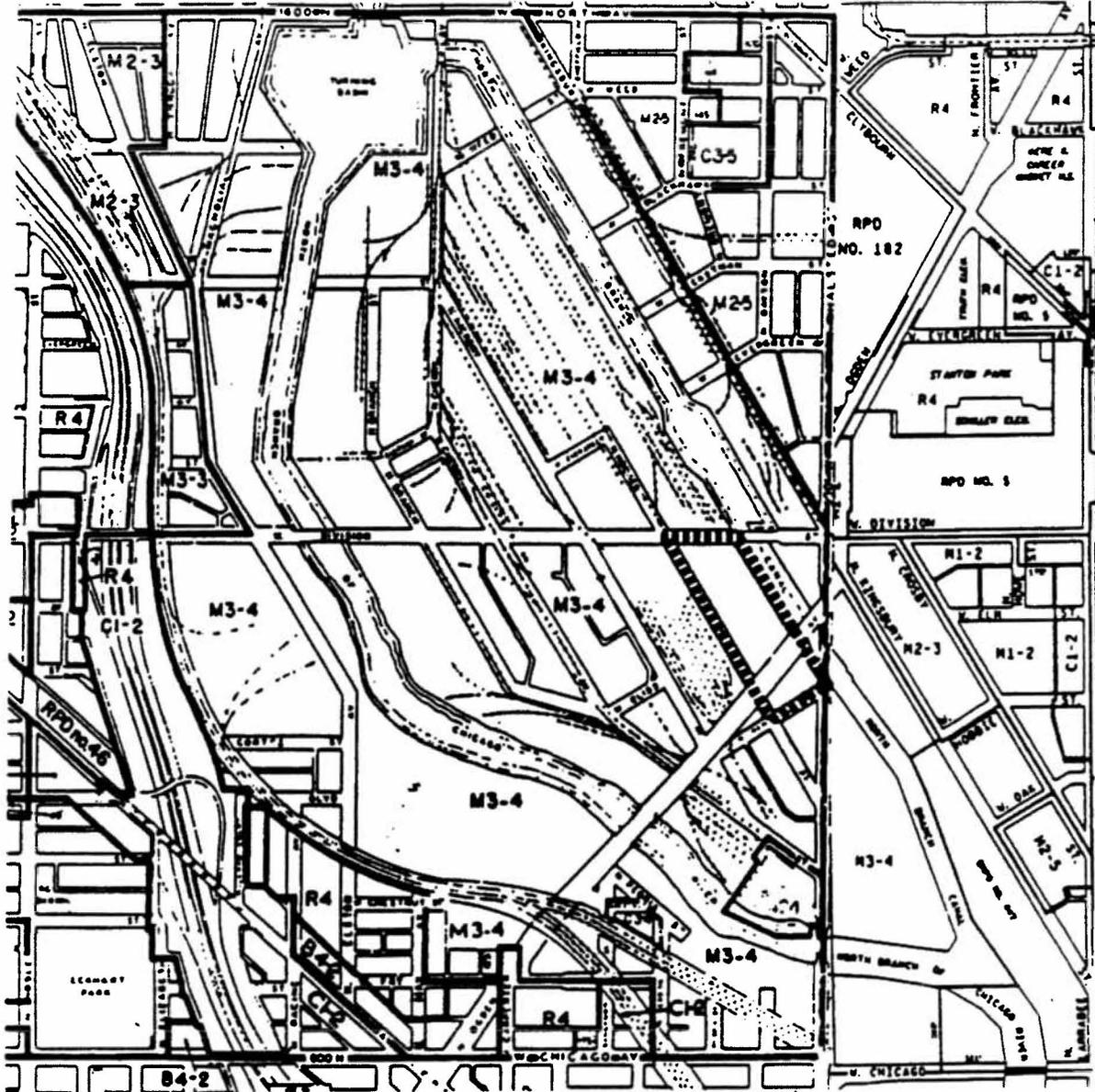
Division/Hooker
Study Area

Division/Hooker
Eligibility Study Area

City of Chicago
Department of Planning and Development
May 1994

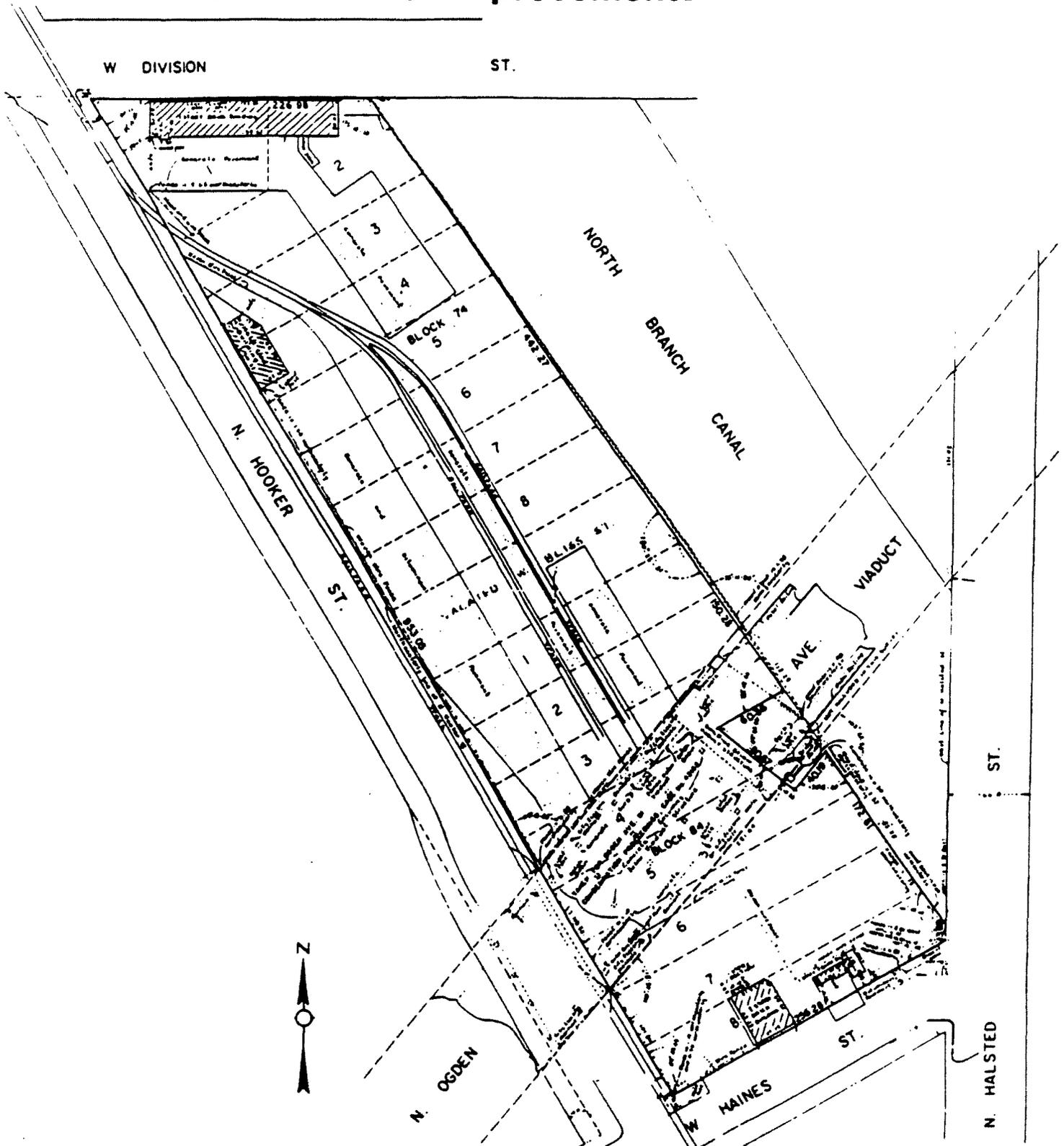
Prepared by Louik/Schneider
& Associates, Inc.

Map 3 Zoning Map



Division/Hooker
Eligibility Study Area
City of Chicago
Department of Planning and Development
May 1994
Prepared by Louk/Schneider
& Associates, Inc.

Map 4 Division/Hooker Study Area Prior to Demolition of Improvements



**Division/Hooker
Eligibility Study Area**

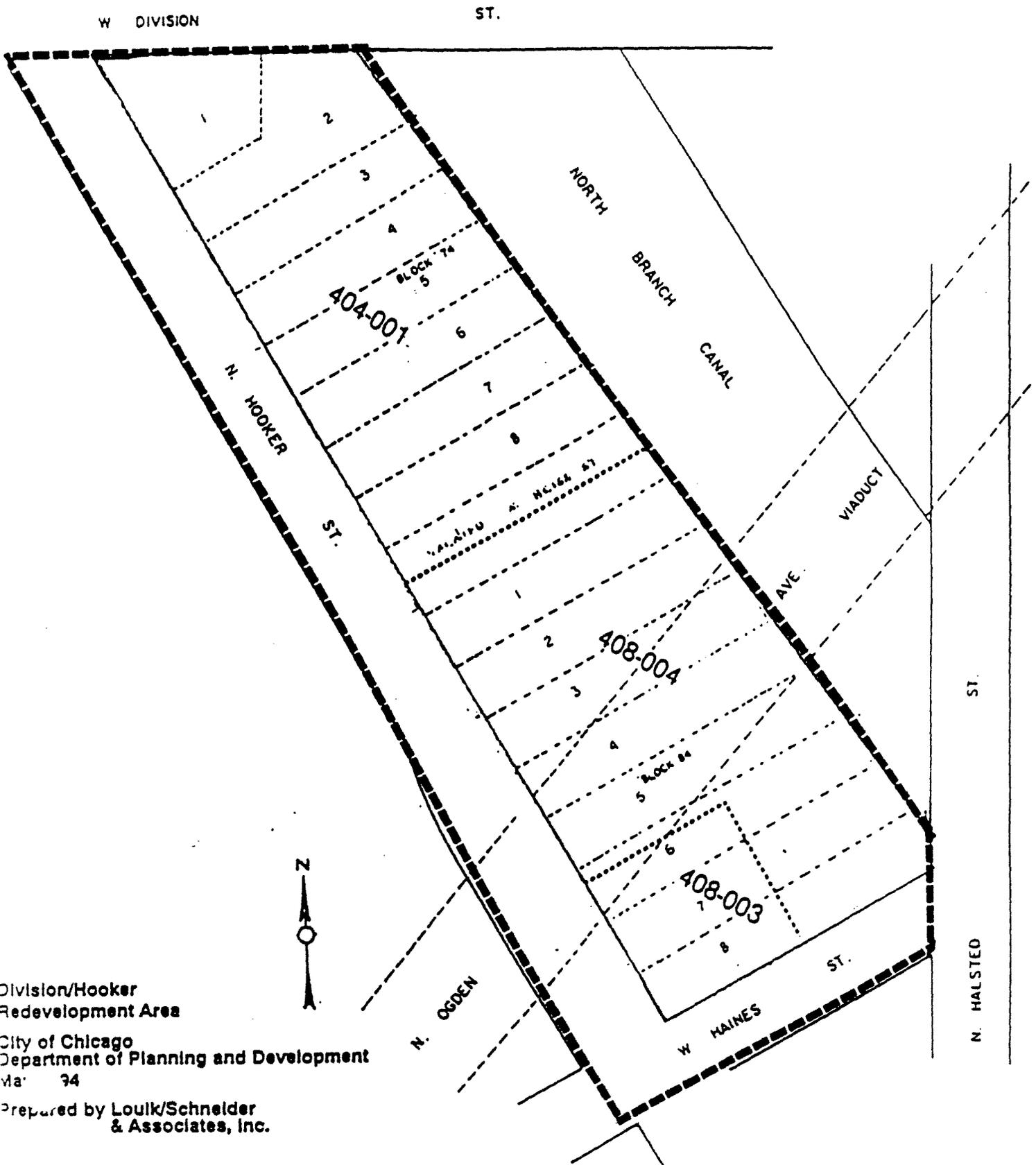
**City of Chicago
Department of Planning and Development
May 1994**

**Prepared by Louik/Schneider
& Associates, Inc.**

MAPS

Map 1	Redevelopment Project Boundaries
Map 2	Existing Land-Use
Map 3	Redevelopment Plan / Proposed Land-Use

Map 1 Project Boundaries



Division/Hooker
Redevelopment Area

City of Chicago
Department of Planning and Development
July 1994

Prepared by Loulk/Schneider
& Associates, Inc.

----- Project Boundary

Map 2 Existing Land Use

